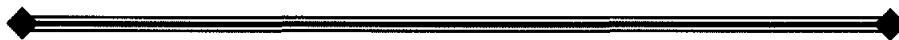




**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

Financial Reports

December 31, 2014



**Lanaux & Felger**

A Corporation of  
Certified Public Accountants  
Houma, Louisiana

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

Financial Reports

December 31, 2014

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GALLIANO, LOUISIANA

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**Greater Lafourche Port Commission  
Galliano, Louisiana  
Management's Discussion and Analysis  
Fiscal Year Ended December 31, 2014**

## **INTRODUCTION**

This introductory section of the Greater Lafourche Port Commission's (GLPC's) annual financial report presents a narrative overview and analysis of the GLPC's financial performance for the fiscal year ended December 31, 2014, with comparative information for the fiscal year ended December 31, 2013. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the GLPC and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the GLPC's audited financial statements and associated notes to the financial statements.

## **FINANCIAL HIGHLIGHTS**

- **Assets** exceeded **Liabilities** at the close of the year by \$245.7 million, which are reported as the GLPC's **Net Position**. This is an 11.9% increase over 2013.
- **Operating Revenues** increased by 1.1% over 2013 to \$26 million.
- **Operating Profits** were \$7.3 million resulting in a very strong **Operating Profit Margin** of 28.0%.
- **Net Income Before Capital Grants, Special Items, & Extraordinary Items** was \$12.2 million as compared to \$12.9 million in 2013.
- **Capital Grants** for the year were \$14.1 million and significantly higher than \$2.7 million in 2013. **Grants for Emergency Repairs** were about \$110,000. **Grants for Operating & Maintenance Projects** were about \$515,000.

## **EXPLANATION OF THE FINANCIAL STATEMENTS**

This discussion is to introduce the GLPC's financial statements. Since the GLPC charges general public customers for the services it provides, its activities are required to be reported as a proprietary fund and specifically in an enterprise fund format. Enterprise funds utilize accrual accounting, which is the same method used by private sector businesses. Accrual accounting means that financial activities are reported as soon as the underlying events take place regardless of the timing of related cash flows. The basic financial statements also include notes essential to a full understanding of the statements.

The "Statement of Net Position" presents information on all of the GLPC's assets and liabilities, with the difference reported as Net Position. The "Statement of Activities" shows how the GLPC's net assets changed during the fiscal year. The "Statement of Cash Flows" represents cash and cash equivalent activity for the fiscal year resulting from operating, financing, and investing activities.

Taken together, these three financial statements demonstrate how the GLPC's Net Position has changed. Net Position is one way of assessing the GLPC's current financial condition. Increases or decreases in Net Position are good indicators of whether the GLPC's financial health is improving or deteriorating over time.

**Greater Lafourche Port Commission**  
**Galliano, Louisiana**  
**Management's Discussion and Analysis (Continued)**  
**Fiscal Year Ended December 31, 2014**

**FINANCIAL STATEMENTS**

<b>Statement of Net Position</b>	<u>2014</u>	<u>2013</u>	<u>Dollar</u> <u>Change</u>	<u>Percentage</u> <u>Change</u>
<i>Assets:</i>				
Current Assets	\$ 83,592,434	\$ 71,848,765	\$ 11,743,669	16.3%
Noncurrent Assets	8,800,000	-	8,800,000	0.0%
Capital Assets, Net	183,561,290	168,523,652	15,037,638	8.9%
<b>Total Assets</b>	<b>275,953,724</b>	<b>240,372,417</b>	<b>35,581,307</b>	<b>14.8%</b>
<i>Liabilities:</i>				
Current Liabilities	27,025,771	17,837,135	9,188,636	51.5%
Long Term Liabilities	3,192,158	2,846,511	345,647	12.1%
<b>Total Liabilities</b>	<b>30,217,929</b>	<b>20,683,646</b>	<b>9,534,283</b>	<b>46.1%</b>
<i>Net Position:</i>				
Invested in Capital Assets (Net of Related Debt)	183,561,290	168,523,652	15,037,638	8.9%
Unrestricted	62,174,505	51,165,119	11,009,386	21.5%
<b>Total Net Position</b>	<b>\$ 245,735,795</b>	<b>\$ 219,688,771</b>	<b>\$ 26,047,024</b>	<b>11.9%</b>

The GLPC's current ratio is 3.1, which means that it has a little over three times the amount of current resources available to meet its obligations coming due within the next fiscal year. A current ratio above 1.0 is a sign of good financial viability.

Of the \$27 million of current liabilities, \$22.5 million or 83% are actually revenues paid in advance from port lessees that have not yet been earned according to the accrual method of accounting. These liabilities are not owed or refundable upon termination/default of lessees.

GASB 45 requirement to reflect Other Post Employment Benefits began to be booked in 2009. Actuarial figures were obtained from Buck Consultants through the State of Louisiana Office of Group Benefits. The 12/31/14 liability is just under \$3 million with the remaining long term liabilities of \$231,000 being accrued compensated absences.

The largest component of the GLPC's Net Position (\$183.6 million or 75% of \$245.7 million) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and construction-in-progress), less any related debt outstanding that was needed to acquire or construct the assets. The remaining (\$62 million or about 25%) are unrestricted net assets and may be used at the GLPC's discretion in accordance with its enabling legislation.

**Greater Lafourche Port Commission**  
**Galliano, Louisiana**  
**Management's Discussion and Analysis (Continued)**  
**Fiscal Year Ended December 31, 2014**

<b>Statement of Activities</b>	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<i>Operating Revenues:</i>				
Leases	\$ 24,857,296	\$ 24,913,180	\$ (55,884)	-0.2%
Other	1,183,408	840,551	342,857	40.8%
Total Operating Revenues	26,040,704	25,753,731	286,973	1.1%
<i>Operating Expenses:</i>				
Personnel Services	4,707,276	4,311,102	396,174	9.2%
Maintenance, Supplies, & Operation of Facilities	1,922,160	1,908,581	13,579	0.7%
Lease Expense - Port Fourchon	4,093,524	3,822,619	270,905	7.1%
Other Operating Expenses	1,697,115	1,407,099	290,016	20.6%
Depreciation	6,319,946	5,619,890	700,056	12.5%
Total Operating Expense	18,740,021	17,069,291	1,670,730	9.8%
Operating Profit/(Loss)	7,300,683	8,684,440	(1,383,757)	-15.9%
<i>Non-Operating Inc/(Exp):</i>				
Ad Valorem Taxes (Net of Tax Assessor's Settlement & Pension Fund)	4,266,867	3,608,565	658,302	18.2%
Intergovernmental Revenue:				
State Revenue Sharing	35,558	35,784	(226)	-0.6%
Non-Capital Grants	624,176	5,082,330	(4,458,154)	-87.7%
Investment Income	268,700	128,406	140,294	109.3%
Hurricane Damage Repairs	(277,010)	(4,642,329)	4,365,319	-94.0%
Gain/(Loss) on Disposal of Fixed Assets	(6,492)	26,127	(32,619)	-124.8%
Other Miscellaneous Inc/(Exp)	(28,374)	(20,469)	(7,905)	38.6%
Net Non-Operating Inc/(Exp)	4,883,425	4,218,414	665,011	15.8%
Net Income before Capital Grants, Special, & Extraordinary Items	12,184,108	12,902,854	(718,746)	-5.6%
Capital Grants	14,071,165	2,704,164	11,367,001	420.4%
Special Items	(208,249)	4,000	(212,249)	-5306.2%
Extraordinary Items	-	(882)	882	-100.0%
Change in Net Position	26,047,024	15,610,136	10,436,888	66.9%
Net Position-Beginning of Year	219,688,771	204,078,635	15,610,136	7.6%
Net Position-End of Year	<u>\$ 245,735,795</u>	<u>\$ 219,688,771</u>	<u>\$ 26,047,024</u>	11.9%

Operating revenues from leases are the GLPC's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements either owned directly by the GLPC or leased to the GLPC by third party landowners. Lease revenue increased by only 1.1% in 2014. This meager increase in operating revenues was due to 2013 being the last year of about \$1.2 million/year of advanced improvement rental agreements. By excluding this factor for analysis purposes, operating revenues would have shown an increase of about 5.7% and be in line with growth associated with normal annual lease escalations.

**Greater Lafourche Port Commission  
Galliano, Louisiana  
Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2014**

Operating expenses are costs borne by the GLPC in providing to the public operations and maintenance of port properties, harbor police security, and general administration services. Operating expenses increased \$1.7 million or about 9.8% over 2013. 58% of these increases were due to non-controllable expenses such as depreciation (\$700,000) and landowner lease costs (\$271,000). 2014 operating profit of \$7.3 million equates to a very healthy 28% operating profit margin.

Non-operating income and expenses are items that are not derived from normal port activities such as the collection of ad valorem (property) taxes, financing & investment activities, and emergency repairs such as damages caused by hurricanes. Net ad valorem tax receipts were \$4.3 million. Investment income included \$233,000 of interest income plus \$35,000 of gain on bond investment that will only be realized if the bonds are sold before maturity. Continuing project costs from Hurricanes' Gustav and Isaac totaled about \$277,000, \$110,000 in associated FEMA grant funding was received.

Special Items are significant costs of non-operational projects *within* management's control but are either unusual in nature or infrequent in occurrence. In 2014, \$200,000 of committed cost to the Lafourche Parish Government was recognized with regards to the completed construction of the new Leeville boat launch.

Extraordinary Items are significant costs & reimbursements *outside* of management's control and are either unusual in nature or infrequent in occurrence. In 2014, the GLPC had \$-0-.

In summary, the 2014 Change in Net Position is a positive \$26 million and is 67% higher than 2013's \$15.6 million. The increase of \$11.4 in capital grants is the largest contributing factor for the port's positive Change in Net Position.

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Capital Assets, Net</b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>Dollar</u> <u>Change</u></b>	<b><u>Percentage</u> <u>Change</u></b>
Land	\$ 4,382,162	\$ 4,416,848	\$ (34,686)	-0.8%
Buildings	9,031,746	6,676,038	2,355,708	35.3%
Improvements	141,714,928	145,367,756	(3,652,828)	-2.5%
Equipment	6,560,463	3,441,177	3,119,286	90.6%
Subtotal	161,689,299	159,901,819	1,787,480	1.1%
Construction in Progress	21,871,991	8,621,833	13,250,158	153.7%
Total	<u>\$ 183,561,290</u>	<u>\$ 168,523,652</u>	<u>\$ 15,037,638</u>	8.9%



**Greater Lafourche Port Commission  
Galliano, Louisiana  
Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2014**

New additions to the Port's capital assets totaled \$8.2 million. \$7.8 million of these were project costs completed and closed out of Construction in Progress while \$400,000 was purchased directly and capitalized. Ninety-three percent of this year's closed projects are as follows:

• PSG-2009/10 Multi-Agency Emergency Response Center	\$4,002,140
• PSG-2011 TWIC Implementation	936,484
• PSG-2008 Risk Management	843,592
• Northern Expansion Slip B Asphalt ATG Rd Phase 3	641,627
• 2014 Pontoon Excavator	504,055
• <u>Northern Expansion Part C Fill Area Development</u>	<u>336,675</u>
Total of 93%	<u>\$7,264,573</u>

Ninety-four percent of the remaining \$21.9 million of construction projects in progress are:

• Northern Expansion Slip C Phase 1 Bulkhead	\$15,946,288
• Airport Apron Expansion	1,498,421
• Storm Harbor Marina Project	1,335,607
• Northern Expansion Mitigation & Development	880,311
• <u>Airport Glide Slope</u>	<u>835,292</u>
Total of 94%	<u>\$20,494,859</u>

The GLPC has no bond debt.

### **Budgetary Highlights**

#### **2015 Budget**

Operating Revenues are expected to increase by about \$2.4 million or 9.3% over 2014 actuals. The port anticipates increased revenues primarily due to increased utilization of available properties in Northern Expansion Slip C along with normal annual lessee rent escalations. Budgeted increases to Operating Expenses over 2014 actuals are expected to be about 7.3 million. 65% of that increase is for non-recurring expense projects such as the seaport master plan (\$140,000), seaport deep draft study (\$1.5 million), Bayou Lafourche hydraulic channel dredge (\$2 million), Flotation Canal dolphin maintenance dredge (\$737,000), highway embankment stabilization (\$200,000), Bayou Lafourche cleanup (\$200,000), and removal of eastside levee obstructions at airport (\$100,000). 25% of the increase is attributed to additional depreciation (\$1.9 million).

**Greater Lafourche Port Commission  
Galliano, Louisiana  
Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2014**

Capital construction budget dollars of \$46.2 million are expected to produce 5,471 linear feet of new operational bulkhead in the Northern Expansion Slip C development, elevation and drainage improvements to Nolty J. Theriot road, eighteen new mooring dolphins in the seaport, bucket dredging of Slip D, new Minor Chermie Road east of Slip C, and improvements to the Nerby Collins Marina bulkhead system. The largest budgeted airport projects are the FBO terminal, ramp, and apron expansion, three new box hangers for tenant leasing, and upgrades to the pump station motor and discharge pipes. Port Security projects include cyber security & resiliency and additional PTZ and fixed cameras. To assist in these capital construction projects, \$14.8 million is expected in grant funding from outside sources.

Non-operating budget items include \$4.3 million from ad valorem taxes and projects totaling about \$1.7 million for past hurricane damages to Fourchon Beach breakwater barges and dredging of Northern Expansion Slip A. A 75% grant with a 25% port match is budgeted. \$155,000 was budgeted for partnership with the Lafourche Parish Government for an airport corridor study.

Cash is projected to decrease from \$75.6 million to \$44.4 million at the end of 2015 primarily due to GLPC's self-funded capital growth. This is a conscience strategic investment toward future years' revenue generation.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our taxpayers, tenants, and creditors with a general overview of the GLPC's finances and to demonstrate accountability to each of these groups. Questions concerning any information included in this report should be addressed to Director of Finance, Greater Lafourche Port Commission, P.O. Box 490, Galliano, LA 70354.

Financial Section

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# Lanaux & Felger

— CERTIFIED PUBLIC ACCOUNTANTS —  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MARK S. FELGER, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Greater Lafourche Port Commission  
Galliano, Louisiana

We have audited the accompanying financial statements of the Greater Lafourche Port Commission, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Lafourche Port Commission as of December 31, 2014 and 2013, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages iii through ix and 20 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Lafourche Port Commission's basic financial statements. The Schedule of Per Diems Paid Board Members on page 23 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer on page 24 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Greater Lafourche Port Commission. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2015, on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Lafourche Port Commission's internal control over financial reporting and compliance.

Houma, Louisiana  
May 11, 2015



GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF NET POSITION  
ENTERPRISE FUND  
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 67,537,430	\$ 57,132,716
Investments, at market value	8,021,254	6,999,526
Receivables:		
Grants receivable from other government units	2,359,956	2,533,528
Ad valorem taxes	4,165,388	3,665,795
Lease rentals	113,962	36,704
State revenue sharing	35,558	35,784
Accrued interest	21,388	17,372
Other	99,284	196,712
Prepaid lease expense	323,149	308,143
Prepaid insurance	195,042	176,888
Prepaid materials	719,535	745,470
Other prepaid accounts	<u>488</u>	<u>127</u>
Total current assets	<u>83,592,434</u>	<u>71,848,765</u>
<b>NONCURRENT ASSETS</b>		
Grants receivable	8,800,000	-
Fixed assets:		
Property, plant, and equipment	238,932,743	217,606,609
Less accumulated depreciation	<u>(55,371,453)</u>	<u>(49,082,957)</u>
Fixed assets, net	<u>183,561,290</u>	<u>168,523,652</u>
Total noncurrent assets	<u>192,361,290</u>	<u>168,523,652</u>
Total assets	<u>275,953,724</u>	<u>240,372,417</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF NET POSITION, CONTINUED  
ENTERPRISE FUND  
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,543,070	\$ 1,861,121
Unearned lease revenue:		
Advance payment of leases	<u>22,482,701</u>	<u>15,976,014</u>
Total current liabilities	<u>27,025,771</u>	<u>17,837,135</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences	231,381	215,029
Other post-employment benefits	<u>2,960,777</u>	<u>2,631,482</u>
Total noncurrent liabilities	<u>3,192,158</u>	<u>2,846,511</u>
Total liabilities	<u>30,217,929</u>	<u>20,683,646</u>
<b>NET POSITION</b>		
Net investment in capital assets	183,561,290	168,523,652
Unrestricted	<u>62,174,505</u>	<u>51,165,119</u>
Total net position	<u>\$ 245,735,795</u>	<u>\$ 219,688,771</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF ACTIVITIES  
ENTERPRISE FUND  
Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues:		
Lease rental	\$ 24,857,296	\$ 24,913,180
Other user fees	1,179,408	838,514
Other	4,000	2,037
Total operating revenue	<u>26,040,704</u>	<u>25,753,731</u>
Operating expenses:		
Personnel services	4,707,276	4,311,102
Maintenance, supplies, and operation of facilities	1,922,160	1,908,581
Lease expense - Port Fourchon	4,093,524	3,822,619
Other operating expense	1,697,115	1,407,099
Depreciation and amortization	6,319,946	5,619,890
Total operating expenses	<u>18,740,021</u>	<u>17,069,291</u>
Operating income (loss)	<u>7,300,683</u>	<u>8,684,440</u>
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	4,266,867	3,608,565
Intergovernmental revenue:		
State revenue sharing	35,558	35,784
Noncapital grants	624,176	5,082,330
Investment income	268,700	128,406
Hurricane damage repairs	(277,010)	(4,642,329)
Gain (loss) on disposal of fixed assets	(6,492)	26,127
Other income (loss)	(28,374)	(20,469)
Net nonoperating revenues	<u>4,883,425</u>	<u>4,218,414</u>
Change in net position before capital contributions, special items and extraordinary items	12,184,108	12,902,854
Capital contributions	14,071,165	2,704,164
Special items	(208,249)	4,000
Extraordinary items	<u>-</u>	<u>(882)</u>
Change in net position	26,047,024	15,610,136
Net position, beginning of year	<u>219,688,771</u>	<u>204,078,635</u>
Net position, end of year	<u>\$ 245,735,795</u>	<u>\$ 219,688,771</u>



GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

Years Ended December 31, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations	\$ 32,567,561	\$ 22,102,002
Cash paid to employees	(4,707,276)	(4,311,102)
Payments for goods and services	(7,052,182)	(6,963,815)
Net Cash Flows from Operating Activities	<u>20,808,103</u>	<u>10,827,085</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Tax receipts collected by other governments	3,767,274	3,144,733
Operating grants received from other governments	1,920,736	4,906,635
Payments for hurricane damage repair	(277,010)	(4,642,329)
Net Cash Flows from Noncapital Financing Activities	<u>5,411,000</u>	<u>3,409,039</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants collected	4,155,587	4,851,523
Payments for capital acquisitions	(19,016,816)	(7,991,707)
Special items	(208,249)	4,000
Net Cash Flows from Capital and Related Financing Activities	<u>(15,069,478)</u>	<u>(3,136,184)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	12,133	26,264
Proceeds from sale and maturities of investments	2,303,724	2,042,521
Purchases of investments	(3,290,000)	(6,054,650)
Receipts of interest	229,232	170,800
Net Cash Flows from Investing Activities	<u>(744,911)</u>	<u>(3,815,065)</u>
Net Change in Cash	10,404,714	7,284,875
Cash and cash equivalents, beginning of year	57,132,716	49,847,841
Cash and cash equivalents, end of year	<u>\$ 67,537,430</u>	<u>\$ 57,132,716</u>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ 7,300,683	\$ 8,684,440
Add depreciation expense	6,319,946	5,619,890
(Increase)/Decrease in Current Assets:		
Rent receivables	(77,258)	27,310
Prepaid expenses	(33,521)	(1,562)
Prepaid materials	25,935	-
Miscellaneous receivables	97,428	(67,369)
Increase/(Decrease) in Current Liabilities:		
Operating accounts payable and accrued expenses	668,203	176,046
Advance payment of leases	6,506,687	(3,611,670)
Net Cash Flows from Operating Activities	<u>\$ 20,808,103</u>	<u>\$ 10,827,085</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements

1) Summary of Significant Accounting Policies

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

- a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries. The Commission also sponsors the Leonard Miller Jr. Airport in Galliano. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

This report includes all funds which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

- b) Measurement Focus, Basis of Accounting and Financial Statement Presentation. The Greater Lafourche Port Commission uses proprietary fund accounting to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are charges to tenants for rent and utilities in connection with the operation of the seaport and airport facilities. Principal operating expenses are lease payments to landowners, maintenance of port facilities, the costs of providing police patrols and protective services to tenants, administrative expenses and depreciation of capital assets. All

GREATER LAFOURCHE PORT COMMISSION  
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Notes to Financial Statements, Continued

revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted revenues are available for use, the Commission's policy is to use restricted revenues first, then unrestricted revenues as they are needed.

Net position is reported in three classifications as follows:

- i. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Commission has no debt attributable to its capital assets.
  - ii. Restricted: Consists of components of net position on which constraints are imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission had no restricted net position at December 31, 2014 or 2013.
  - iii. Unrestricted: Consists of all components of net position that do not meet the definition of "restricted" or "net investment in capital assets."
- c) Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- d) Budgetary Accounting. Budgetary practices include public notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained in note 1(b) above. Budgetary control is exercised at the fund level.

State law provides that when actual revenues within certain funds are failing to meet estimated annual budgeted revenues, and/or actual expenditures within certain funds are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted by the board in an open meeting.

GREATER LAFOURCHE PORT COMMISSION  
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Notes to Financial Statements, Continued

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

- e) Cash, Cash Equivalents and Investments. Cash and cash equivalents include amounts in demand deposit accounts and investments in the Louisiana Asset Management Pool (LAMP), which are stated at cost.

LAMP is administered by LAMP, Inc.; a not-for-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations. Only local governments within Louisiana may have an investment interest in LAMP's pool of assets. The LAMP portfolio includes only securities and other obligations permitted as investments for local governments under state law. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

- f) Receivables. All receivables are recorded at their gross value and when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- g) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.
- h) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. General infrastructure assets acquired prior to January 1, 2004 consist of the road network and bridge assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated

GREATER LAFOURCHE PORT COMMISSION  
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Notes to Financial Statements, Continued

historical cost using deflated replacement cost. Net interest costs are capitalized on major construction projects during the construction period. No interest was incurred and capitalized for the years ended December 31, 2014 and 2013. Donated assets are valued at estimated fair value at the time of donation.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	10 to 40 years
Infrastructure roads	40 years
Infrastructure bridges	50 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

- i) Interest Receivable. Interest receivable on investments and time deposits is recorded as revenue in the year the interest is earned.
- j) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15<sup>th</sup> of each year and become delinquent on December 31<sup>st</sup>. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rates for 2014 and 2013 were 6.83 and 6.83 mills, respectively. Total taxes levied for the years ended December 31, 2014 and 2013 were \$4,450,882 and \$3,958,027 respectively.

State revenue sharing monies are generally received by the Commission on the 15<sup>th</sup> day of December in the year of determination and the 15<sup>th</sup> day of April and June of the subsequent year in equal installments.

- k) Compensated Absences. The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

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Notes to Financial Statements, Continued

At December 31, 2014 and 2013, \$231,381 and \$215,029, respectively, have been recorded as a long-term liability which represents that portion of estimated leave which will be taken or reimbursed after the balance sheet date.

- l) Cash Flows Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

2) Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	Carrying Amount	
	2014	2013
Cash and demand deposits	\$ 67,512,424	\$ 56,990,902
Units in Louisiana Asset Management Pool	25,006	141,814
Total cash and cash equivalents	<u>\$ 67,537,430</u>	<u>\$ 57,132,716</u>

Custodial credit risk for deposits is the risk that in the event of a failure of a depository institution, the Commission may not recover its deposits or the securities pledged as collateral by a third-party custodian. Commission policy and state law require all deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. At December 31, 2014, there were no bank deposits subject to custodial credit risk.

Units of the LAMP represent an undivided fractional interest in each of the securities held by the LAMP. Securities held by the LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

3) Investments

Investments are carried at market value and include certificates of deposit with original maturities of three months or more. At December 31, 2014 and 2013, the Commission had investments with maturities as follows:

GREATER LAFOURCHE PORT COMMISSION  
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Notes to Financial Statements, Continued

2014	Investment Type:	Fair Value	Maturities (in Years)	
			Less Than 1	1 to 3
	Certificates of Deposit	\$ 1,040,000	\$ 1,040,000	\$ -
	US Govt. Instrumentality Bonds	6,981,254	-	6,981,254
		<u>\$ 8,021,254</u>	<u>\$ 1,040,000</u>	<u>\$ 6,981,254</u>
2013	Investment Type:	Fair Value	Maturities (in Years)	
			Less Than 1	1 to 3
	Certificates of Deposit	\$ 1,040,000	\$ 1,040,000	\$ -
	US Govt. Instrumentality Bonds	5,959,526	-	5,959,526
		<u>\$ 6,999,526</u>	<u>\$ 1,040,000</u>	<u>\$ 5,959,526</u>

*Interest Rate Risk.* The Commission's investment policy limits investment maturities to no more than three years as a means of managing its exposure to fair value losses resulting from rising interest rates.

*Custodial Credit Risk – Certificates of Deposit.* Custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2014, no certificates of deposit were subject to custodial credit risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission does not have a specific policy related to credit risk, but it manages such risk by complying with State law regarding the types of investments it can hold.

*Concentrations of Credit Risk.* The Commission places no limit on the amount it may invest in any one issuer. Investments of a single issuer representing more than 5 percent of the Commission's total investments at December 31, 2014 are as follows:

Investment Type	Issuer	%
US Govt. Instrumentality	Federal Farm Credit Bank	12.0
US Govt. Instrumentality	Federal Home Loan Bank	15.0
US Govt. Instrumentality	Federal Home Loan Mortgage Corp.	51.0
US Govt. Instrumentality	Financing Corporation (FICO)	7.0

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Notes to Financial Statements, Continued

4) Property, Plant, and Equipment

A summary of changes in property, plant, and equipment for the years ended December 31, 2014 and 2013 follows:

	Balance 12/31/2013	Additions	Deletions and Transfers	Balance 12/31/2014
Assets being depreciated:				
Buildings	\$ 9,101,258	\$ 2,689,359	\$ 25,680	\$ 11,764,937
Port facilities and improvements	187,586,495	1,111,100	-	188,697,595
Furniture and office equipment	823,869	727,364	21,248	1,529,985
Vehicles, boats, and field equipment	7,056,305	3,676,010	46,242	10,686,073
	204,567,927	8,203,833	93,170	212,678,590
Less accumulated depreciation	(49,082,957)	(6,363,043)	(74,547)	(55,371,453)
Net assets being depreciated	155,484,970	1,840,790	18,623	157,307,137
Assets not being depreciated:				
Land	4,416,849	-	34,687	4,382,162
Construction in progress	8,621,833	21,057,560	7,807,402	21,871,991
Subtotal	13,038,682	21,057,560	7,842,089	26,254,153
Totals	\$ 168,523,652	\$ 22,898,350	\$ 7,860,712	\$ 183,561,290
	Balance 12/31/2012	Additions	Deletions and Transfers	Balance 12/31/2013
Assets being depreciated:				
Buildings	\$ 9,101,258	\$ -	\$ -	\$ 9,101,258
Port facilities and improvements	176,279,433	11,307,062	-	187,586,495
Furniture and office equipment	776,922	54,862	7,915	823,869
Vehicles, boats, and field equipment	7,096,903	223,210	263,808	7,056,305
	193,254,516	11,585,134	271,723	204,567,927
Less accumulated depreciation	(43,705,281)	(5,649,263)	(271,587)	(49,082,957)
Net assets being depreciated	149,549,235	5,935,871	136	155,484,970
Assets not being depreciated:				
Land	4,416,849	-	-	4,416,849
Construction in progress	13,081,110	6,974,981	11,434,258	8,621,833
Subtotal	17,497,959	6,974,981	11,434,258	13,038,682
Totals	\$ 167,047,194	\$ 12,910,852	\$ 11,434,394	\$ 168,523,652

Depreciation on fixed assets was \$6,363,043 for the year ended December 31, 2014, of which \$43,097 was capitalized and \$6,319,946 was charged to expense, and \$5,649,263 for the year ended December 31, 2013, of which \$29,372 was capitalized and \$5,619,890 was charged to expense.



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Notes to Financial Statements, Continued

5) Leases (as Lessee)

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2046. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately \$318,824 and \$307,352 were included in lease expense of \$4,093,524 and \$3,822,619 for the years ended December 31, 2014 and 2013, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2014 for each of the next five years are as follows:

Year Ending December 31,	Amount
2015	\$ 330,867
2016	283,812
2017	297,092
2018	361,210
2019	375,775
Thereafter	628,818
Total minimum future rental payments	<u>\$ 2,277,574</u>

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

6) Port Lease Rentals (as Lessor)

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of December 31, 2014 and 2013 was 108 and 99, respectively. The Commission received 32% and 31% of its lease revenues from one lessee for the years ended December 31, 2014 and 2013, respectively. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

Based on existing leases at December 31, 2014, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

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Notes to Financial Statements, Continued

Year Ending December 31,	Amount
2015	\$ 7,752,819
2016	2,879,810
2017	1,912,879
2018	1,447,232
2019	1,102,505
Total	<u>\$ 15,095,245</u>

7) Pension Plans

Nearly all full-time employees of the Greater Lafourche Port Commission participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer public employee retirement system.

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members are required to contribute a percentage of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Commissions' employer contribution for the LASERS is funded through annual appropriations.

Contributions required and made to the LASERS were as follows:

Fiscal year ended December 31,	2014	2013	2012
Average member contribution	8.3%	8.5%	8.3%
Employer contribution			
January - June	31.1%	28.7%	24.6%
July - December	36.5%	31.1%	28.7%
Member contribution	\$ 184,159	\$ 169,300	\$ 154,820
Employer contribution	\$ 750,918	\$ 610,862	\$ 496,022

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Notes to Financial Statements, Continued

One employee is a member of the Teachers' Retirement System of Louisiana (TRSL), a cost sharing multiple-employer public employee retirement system. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. Employer contributions to the TRSL were \$13,242 (27.2% and 28% of covered payroll from January through June and July through December, respectively) and employee contributions were \$3,833 (8.0% of covered payroll) for the year ended December 31, 2014.

8) Non-cash Investing and Financing Activities

There were no non-cash investing and financing activities for the years ended December 31, 2014 and 2013.

9) Construction Commitments

At December 31, the Commission had the following commitments on construction and maintenance projects in progress:

2014			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Storm Harbor Marina	\$ 1,343,576	\$ 1,321,827	80%
Glide Slope	810,091	796,194	39%
NCM Wooden Bulkhead Repair	89,049	58,177	65%
NE Slip C Ph 1 Bulkhead	19,417,767	15,844,754	70%
Airport Pump Station Repairs Ph II	330,686	277,598	0%
Airport CCTV	29,754	8,926	0%
Airport Apron Expansion	3,062,208	1,275,888	33%
NE Slip C Dredging	913,563	140,976	83%
Hurricane Issac - Slip A Silt Removal	437,577	118,007	75%
	<u>\$ 26,434,271</u>	<u>\$ 19,842,347</u>	

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Notes to Financial Statements, Continued

2013			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
NE Slip B Asphalt Adam Ted Gisclair Road Ph 3	\$ 679,792	\$ 531,000	76%
NE Slip C Ph 1 Bulkhead	15,665,249	526,566	67%
Multi-Agency Emergency Response Center	3,093,805	3,093,805	62%
Glide Slope	117,864	117,864	49%
Command, Control & Communications	312,098	254,484	100%
Port Security Grant 2011 TWIC Implementation	49,999	15,439	100%
	\$ 19,918,807	\$ 4,539,158	

10) Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from commercial insurance companies. During 2014 and 2013, there were no claims in excess of insurance coverage.

11) Extraordinary and Special Items

Special items consist of expenses incurred in connection with a cooperative endeavor agreement related to a pipeline safety awareness project. Extraordinary items consist of reimbursements and expenses related to litigation on third-party construction issues.

12) Other Postemployment Benefits

Plan Description. The Greater Lafourche Port Commission's Group Insurance Plan extends postemployment medical and life insurance benefits to qualifying retirees through the Office of Group Benefits (OGB). Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-833 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Report.

Funding Policy. Beginning January 1, 2009, the Commission prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45), which requires the liability for these benefits be accrued as they are earned by employees.

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Notes to Financial Statements, Continued

The contribution requirements of plan members and the Commission are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on which healthcare provider is selected for the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: The Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during the fiscal years ended December 31, 2014 and 2013, monthly employee premiums ranged from \$134 to \$488.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual Required Contribution. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year plus an amount necessary to amortize any unfunded actuarial liabilities over a period of thirty (30) years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used. The total ARC for the fiscal year beginning January 1, is set forth below:

	2014	2013
Normal cost	\$ 220,668	\$ 200,950
Interest cost	13,659	12,967
Amortization of UAL	169,573	153,383
Annual required contribution	<u>\$ 403,900</u>	<u>\$ 367,300</u>

Net Post Employment Benefit Obligation. The Commission's Net Other Post Employment Benefit (OPEB) Obligation for the fiscal year ended December 31, follows:

	2014	2013
Beginning net OPEB obligation	\$ 2,631,482	\$ 2,318,904
Annual OPEB expense	408,604	371,445
Contributions made (retiree premiums)	(79,309)	(58,867)
Ending net OPEB obligation	<u>\$ 2,960,777</u>	<u>\$ 2,631,482</u>

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Notes to Financial Statements, Continued

For the fiscal years ended December 31, 2014 and 2013, the Commission contributed 7.0% and 7.0%, respectively, of the OPEB cost using the pay-as-you-go method.

Funded Status and Funding Progress. Neither the Commission nor the State of Louisiana has established a benefit plan trust or made any contributions to this plan other than its current share of retiree premiums. At December 31, 2014, the plan has no assets and its funded ratio is zero. At July 1, 2013, the date of its most recent actuarial valuation, the Actuarial Accrued Liability (AAL) – the portion of the actuarial present value of post employment benefits not provided by normal cost – was \$4,437,650. Since the plan has no assets, the entire AAL is unfunded. Covered payroll of active plan members was \$1,839,479 and the Unfunded AAL (UAAL) was 241% of covered payroll.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 9.5%, scaling down to an ultimate rate of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 is twenty-four years.

13) Impact of Recently Issued Accounting Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* provides additional criteria for classifying entities as component units and was effective for the Commission's year ended December 31, 2013. The adoption of this pronouncement did not have a significant impact on the Commission's financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and was effective for the Commission's year ended

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2013. The adoption of this pronouncement did not have a significant impact on the Commission's financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*, improves accounting and financial reporting by state and local governments for pensions and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The statement will be effective for the Commissions year ending December 31, 2015. Management is currently evaluating the impact of this pronouncement on the Commission's financial statements.

14) Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 11, 2015, the date the financial statements were available for issuance.

Required Supplementary Information  
(Part II)



GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
ENTERPRISE FUND  
Year Ended December 31, 2014

	Budget Original	Budget Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Operating revenues:				
Lease rentals	\$ 25,161,472	\$ 25,161,472	\$ 24,857,296	\$ (304,176)
Loading dock fees	900,812	900,812	1,179,408	278,596
Other	2,500	2,500	4,000	1,500
Total operating revenue	<u>26,064,784</u>	<u>26,064,784</u>	<u>26,040,704</u>	<u>(24,080)</u>
Operating expenses:				
Personnel services	5,023,339	5,023,339	4,707,276	316,063
Maintenance, supplies, and operation of facilities	6,148,573	6,148,573	1,922,160	4,226,413
Lease expense - Port Fourchon	4,101,959	4,101,959	4,093,524	8,435
Other operating expense	1,370,666	1,370,666	1,697,115	(326,449)
Depreciation and amortization	6,755,989	6,755,989	6,319,946	436,043
Total operating expenses	<u>23,400,526</u>	<u>23,400,526</u>	<u>18,740,021</u>	<u>4,660,505</u>
Operating income (loss)	<u>2,664,258</u>	<u>2,664,258</u>	<u>7,300,683</u>	<u>4,636,425</u>
Nonoperating revenues (expenses):				
Ad valorem taxes (net of tax assessor's settlement and pension fund)	3,331,803	3,331,803	4,266,867	935,064
Intergovernmental revenue:				
State revenue sharing	35,000	35,000	35,558	558
Noncapital grants	1,422,316	1,422,316	624,176	(798,140)
Investment income	100,000	100,000	268,700	168,700
Hurricane damage repairs	(4,767,796)	(4,767,796)	(277,010)	4,490,786
Gain (loss) on disposal of fixed assets	-	-	(6,492)	(6,492)
Other income (loss)	-	-	(28,374)	(28,374)
Net nonoperating revenues	<u>121,323</u>	<u>121,323</u>	<u>4,883,425</u>	<u>4,762,102</u>
Change in net assets before capital contributions, special, and extraordinary items	<u>\$ 2,785,581</u>	<u>\$ 2,785,581</u>	12,184,108	<u>\$ 9,398,527</u>
Capital contributions			14,071,165	
Special items			<u>(208,249)</u>	
Change in Net Assets			26,047,024	
Net Position - beginning of year			<u>219,688,771</u>	
Net Position - end of year			<u>\$ 245,735,795</u>	

Greater Lafourche Port Commission  
Schedule of Funding Progress  
Postemployment Benefit Plan (OPEB)  
For the Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	-	\$ 3,762,050	\$ 3,762,050	0%	\$ 1,954,374	192%
July 1, 2012	-	\$ 4,013,950	\$ 4,013,950	0%	\$ 1,291,000	311%
July 1, 2013	-	\$ 4,437,650	\$ 4,437,650	0%	\$ 1,492,100	297%

## Supplementary Information and Reports

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Year Ended December 31, 2014 and 2013

<u>Board Member</u>	<u>2014</u>	<u>2013</u>
Ervin J. Bruce	\$ 10,650	\$ 10,650
Harris Cheramie	10,800	10,800
Wilbert Collins	7,650	9,900
Kristian Gaudet	10,800	9,900
Perry Gisclair	10,800	10,800
Larry J. Griffin	8,850	10,800
Jimmy Guidry	10,800	10,800
John J. Melancon, Jr.	10,800	10,800
Donald J. Vizier	<u>9,750</u>	<u>10,500</u>
	<u>\$ 90,900</u>	<u>\$ 94,950</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer

Year Ended December 31, 2014

Agency Head Name: Chett Chiasson

Purpose:	Amount
Salary	\$ 157,552
Benefits - insurance	14,785
Benefits - retirement	54,132
Benefits - other	786
Car Allowance	-
Vehicle provided by government	702
Per diem	-
Reimbursements	378
Travel	4,161
Registration	5,220
Conference travel	12,543
Continuing professional education fees	-
Housing	-
Unvouchered expenses	220
Special meals	2,204

**GREATER LAFOURCHE PORT COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended December 31, 2014*

Federal Granting Agency/Recipient <u>State Agency/Grant Program</u>	GRANT NUMBER	CFDA NUMBER	FEDERAL EXPENDITURES
<u>DEPARTMENT OF COMMERCE</u>			
<u>Economic Development Administration</u>			
Infrastructure Improvements for NE Slip B Adam Ted Gisclair Road	various	11.300	\$154,762
Total Department of Commerce			<u>154,762</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Pass through payment from Governor's Office of Homeland Security and Emergency Preparedness</u>			
<u>Public Assistance Grants</u>			
Various projects	various	97.036	108,073
<u>Port Security Grant Programs</u>			
Various projects	various	97.056	2,217,330
Total Department of Homeland Security			<u>2,325,403</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Pass through payment from LA Treasury and Lafourche Parish Government</u>			
<u>Community Development Block Grants/State's Program</u>			
Various projects	various	14.228	1,199,561
Total Department of Housing and Urban Development			<u>1,199,561</u>
Total program expenditures			<u>\$ 3,679,726</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Lafourche Port Commission, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

GREATER LAFOURCHE PORT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Greater Lafourche Port Commission.
2. No deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Greater Lafourche Port Commission were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program on Internal Control over Compliance required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Greater Lafourche Port Commission expresses an unmodified opinion.
6. No findings relative to the major federal award program for the Greater Lafourche Port Commission are reported in Part C of this Schedule.
7. The programs tested as a major programs are:  
Department of Housing and Urban Development  
Community Development and Block Grants CFDA# 14.228
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Greater Lafourche Port Commission was determined to be a low-risk auditee.

B) FINDINGS – FINANCIAL STATEMENTS AUDIT  
None.

C) FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT  
None.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Greater Lafourche Port Commission  
Galliano, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Greater Lafourche Port Commission as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 11, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners  
Greater Lafourche Port Commission  
Galliano, Louisiana

## Report on Compliance for Each Major Federal Program

We have audited the compliance of the Greater Lafourche Port Commission with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Greater Lafourche Port Commission's major federal programs for the year ended December 31, 2014. The Greater Lafourche Port Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

## Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Lafourche Port Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Lafourche Port Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Greater Lafourche Port Commission's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## Report on Internal Control over Compliance

Management of the Greater Lafourche Port Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Greater Lafourche Port Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular 133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Houma, Louisiana  
May 11, 2015



GREATER LAFOURCHE PORT COMMISSION  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2014

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

There were none reported for the year ended December 31, 2013.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

There were none reported for the year ended December 31, 2013.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2013.

**GREATER LAFOURCHE PORT COMMISSION  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2014**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENT**

No findings were reported which require a response from management.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL  
AWARDS**

No findings were reported which require a response from management.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2014.